

**SUBJECT: Eligible Housing Rehabilitation Improvements
Policy Bulletin #10**

EFFECTIVE DATE: June 1, 2002

This policy outlines the general criteria for eligible housing rehabilitation improvements within the Office of Community Development (OCD). These eligible items must be improvements which:

- C Substantially protect or improve the property to Section 8 Housing Quality Standards (HQS), local codes, or improve energy efficiency.
- C Meet applicable new construction or rehabilitation standards.
- C Are necessary for persons with disabilities.
- C Mitigate, control or abate lead-based paint hazards.
- C Are not considered luxury items and are not of a quality above what is normally required.
- C Correct overcrowded conditions necessary to meet codes or HQS. This could include the addition of a living room, kitchen area with adequate storage and preparation space, or a bedroom for every two persons. (The number of bedrooms in a unit should not require persons of the opposite sex other than husband and wife to occupy the same bedroom. Exceptions to this include infants and very young children.)
- C Correct other livability conditions necessary to meet codes or HQS. For example, HQS requires that every home have a working oven, stove (or range) with top burners that work, and a refrigerator with working freezer, adequate in size for the household. Therefore, OCD funds may be used to purchase or repair these appliances. They need not be permanently affixed or built-in, as required in MSHDA's Property Improvement Program (PIP).
- C Could include landscaping up to \$1,000 as part of a rehab project, if a landscaping plan has been approved by MSHDA. **Note:** Excluding HOME funded rental rehab projects, the \$1,000 landscaping improvements are not subject to lien requirements, if the program complies with the following provisions:
 - o The applicant (grantee) identifies an experienced landscape designer/architect (called the "Designer") who will support the program;
 - o The designer will work with assisted property owners who agree to the conditions below to design the landscape project, assist the property owner in planting/installing the materials, and provide one year of follow-up, hands-on assistance with the property owner as needed for plant and lawn care, including specific instructions for watering and pruning;
 - o The designer understands that the total cost of the plant material and any fees for design services, training, and follow-up cannot exceed \$1,000 per unit charged to grant funds; and
 - o All plant material charged to grant funds will be visible from the street.

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- C Could involve the reconstruction or replacement of the housing unit. This would be eligible if the cost to rehabilitate the unit exceeds the cost to reconstruct or replace the unit. **Grantees must receive prior approval from MSHDA before reconstructing or replacing a unit with grant funds, unless a line item for Replacement Housing exists in their Grant Agreement and the grantee has not exceeded the budgeted amount authorized.**

When replacing a housing unit, grantees should follow “OCD’s Expectations For Replacement Housing Projects With County Allocation Funds” (**Attachment A**).

- As they relate to a CDBG or MSHDA-assisted rental rehabilitation project/program, façade improvement may qualify as part of a rehab project when:
 - o The project is principally housing rehab in scope, and the façade improvements are considered an integral part of the housing rehab activity; and,
 - o The façade improvements are generic or uniform to the building. Examples of this would include painting, new windows or roof serving the entire structure. **Note:** No facade improvements should be specific or exclusive to the commercial space (i.e., no commercial signs, commercial entryway enhancements, awnings or other improvements exclusively serving the commercial space.) (Please refer to **Policy Bulletin #14** for application of **Davis-Bacon Requirements**.)

Note: The preceding list of improvements varies somewhat from those allowed in MSHDA’s Property Improvement Program. CDBG, HOME, or other OCD assistance can only be applied to improvements, which meet the criteria, described above. When proposing an acquisition, development and resale (ADR) project, grantees are encouraged to consider and incorporate the suggestions outlined in “MSHDA’s Site Amenities for ADR Projects (**Attachment B**), whenever possible.

Should you have any questions regarding this policy, contact your Community Development (CD) Specialist or CD staff at (517) 373-1974.

Attachments:

S:\Policy Bulletins\Policy Bulletins\PB #10 OCD Expectations for Replacement Housing Att A.doc

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